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## Tips on Trade Mark Protection in China

In China, a trade mark may be words, devices, letters, numbers, three-dimensional signs, colour combinations or a combination of those signs, which are used to distinguish goods or services provided by one trader from those of other traders.

### Why registration and early filing is important?

China follows a “**first-to-file**” rule for obtaining trade mark rights. In other words, the person who files their trade mark application first is entitled to register the trade mark. Although it is technically possible under China’s laws and regulations to enforce your trade mark rights without registration, it can be much less predictable and more costly. The owner of an unregistered trade mark would not have much protection from someone else registering the same trade mark, unless they can prove that:

- the unregistered trade mark was well-known in China before the filing of the registration; or
- the filing by someone else was made in bad faith.

Recent examples –

- ❖ Apple settled with a manufacturer in China for \$60 million to use the mark “iPad” in China after a long and bitter fight.

- ❖ Hermes lost its 15 year battle to secure the trademark rights to its Chinese name “Ai Ma Shi”.

### How to select a registrable trade mark?

When selecting a trade mark, it is important to choose a mark which does not belong to the collection of prohibited signs (“**Prohibited Signs**”), is distinctive and is not identical with or similar to existing trade mark(s) (registered and/or pending) (“**Conflicting Trade Marks**”).

#### Prohibited Signs

Clause 10 of the China Trade Mark Law enumerates signs that may not be used as trade marks. Prohibited signs include but are not limited to those:

- identical with or similar to the national flag, national emblem or the military flag of the People’s Republic of China;
- identical with or similar to the national flag, national emblem or the military flag of a foreign country;
- identical with or similar to the name, flag or emblem of an international intergovernmental organization;
- identical with or similar to the name or symbol of the Red Cross or the Red Crescent;
- having the nature of exaggeration or fraud in advertising goods;

- detrimental to socialist morality or customs, or having other unhealthy influences.

### Distinctiveness

A registrable trade mark should be capable of distinguishing the applicant's goods and/or services from the same or similar goods and/or services provided by other traders. Marks having no inherent ability to distinguish include:

- signs which consist exclusively of a generic name, design or model of the goods;
- signs which consist exclusively of direct indications of the quality, primary raw material, functions, intended purposes, weight, quantity or other characteristics of the goods; or
- signs which are devoid of any distinctive character.



Examples of trade mark applications, which have been rejected due to lack of distinctiveness, include:

- ❖ **R8** for cars in class 12 filed by Audi AG (2010 China Trademark Review and Adjudication Board 05848) – R8 consists exclusively of the model of the goods and thus lacks distinctiveness.
- ❖ the **Fanta bottle shape** as a 3D mark in class 32 filed by the Coca-Cola Company (2010 China Trade Mark Review and Adjudication 05155) – the shape featured veins densely surrounding the lower part of the bottle which is commonly adopted in many bottles for anti-slipping purposes and is thus incapable of distinguishing the applicant's products.

### Conflicting Trade Marks

An application for a trade mark must be rejected if the applicant's trade mark is identical with or similar to an existing trade mark (registered and/or pending) in respect of the same and/or similar goods or services. Hence, it is highly recommended to conduct searches for Conflicting Trade Marks prior to applying for registration.

Examples of trade marks that are identical or similar:

- ❖  (device mark) and  (device mark)
- ❖ **HONYO** (word mark) and **HONDA** (word mark)

### **Minimum Filing Requirements**

- the applicant's full name and address in both English and Chinese (a copy of the applicant's certificate of incorporation if the applicant is a company)
- a clear representation of the trade mark
- the class(es) in which the application is to be filed
- a statement of goods and/or services for which registration is to be sought
- details of convention priority claim (if any)
- an address for service in China (if overseas applicant)
- a translation of any part of your mark that is not in Chinese (if any)
- power of attorney duly signed
- application form duly signed

### **Registration Process**

In China, the registration process includes

- Trade mark search
- Preparation and lodgement of applications

- Formality Check
- Substantive Examination
- Preliminarily Approval and Advertisement for Opposition
- Application Approved for Registration

#### Trade Mark Search

Although a trade mark search is not mandatory for registration purposes, it is **crucial** to reducing your risks and legal costs. A search should be conducted before using your trade mark for marketing and labelling your goods and services. A trade mark clearance search will:

- disclose whether your trade mark is available for registration
- identify whether your trade mark will infringe the rights of other traders
- minimise objections being raised during the registration process
- minimise the risk of a trade mark dispute arising later

#### Preparation and lodgement of applications

Once an application is filed, it is not possible to make substantial changes to the applications (such as changes to the representation of the trade mark or addition of extra classes or goods and services). Hence, it is recommended that professional advice be sought prior to lodgement of the application. Important decisions you have to make when preparing an application include:

- the identity of the applicant;
- the critical elements of your branding. These may include the name of your business or company; the names of your goods and services; or distinctive elements of your packaging;
- appropriate descriptions of the goods and services you trade or intend to trade in the near future; and
- the class or classes to be included in the registration.

#### **Classification**

Although China has adopted the Nice Classification of Goods and Services ("**Nice Classification**") (10th Edition, as of 1 January 2012) in the examination of trade mark applications, the Chinese Trade Marks Office ("**CTMO**") has created its own unique "Book of Classification of Similar Goods and Services" ("**Book of Classification**") for Chinese examiners' reference. In accordance with the Book of Classification, each class as per the Nice Classification has been sub-divided into sub-classes. Goods that belong to different sub-classes (even in the same class) are not deemed to be similar and/or closely related goods for examination purposes. For example, clothing under sub-class 2501 is not deemed similar to footwear under sub-class 2507 or headgear under sub-class 2508. Hence, identical or similar marks covering goods in different sub-classes can coexist in the register.

It is strongly recommended that applicants refer to the Book of Classification when specifying the goods covered by the trade mark to ensure adequate protection of the mark. For example, class 25 "clothing, footwear and headgear" as per the Nice Classification has been sub-classified into 13 sub-classes as follows:

- clothing (2501)
- textiles for babies (2502)
- specialty sports apparel (2503)
- waterproof clothing (2504)
- costumes (2505)
- shoes for special purpose (2506)
- shoes (2507)
- hats (2508)
- socks (2509)
- gloves (2510)
- ties, scarfs, mantillas and veils (2511)
- girdles and belts (clothing) (2512)
- single product (2513)

For each sub-class, there are various descriptions of goods. These descriptions are used to specify goods in an application. Class or sub-class headings cannot be used to describe goods, unless the words coincide with words used in the various descriptions of the goods.

A common mistake in respect of the scope of coverage of specifications is that some specifications are not as broad as they sound for registration purposes. For example, “clothing” sounds generic and applicants may believe it covers all the goods under class 25. However this is not true according to the Book of Classification. Clothing only covers goods specified in sub-class 2501, goods such as raincoats, gloves and socks are considered different goods. Therefore, if one registers a trade mark for clothing, that mark cannot prevent other applicants registering exactly the same mark for goods such as raincoats and gloves.

The basic government fee of RMB1,000 (approximately AU\$17) allows specification of up to 10 items of goods and/or services in each application. It is recommended that at least one item from each sub-class should be included in the application.

### ***Wording of the specification***

The specification of the goods and services covered by a trade mark should be clear and unambiguous. It is recommended to use the specification set out in the Book of Classification.

### **Formality Check**

Once the application has been lodged, an examiner will check whether the application meets the basic filing requirements including:

- whether the application form has been filled in correctly
- whether the representation of the trade mark is clear
- whether the description of goods and/ services belongs to the correct class

Typically the formality check takes up to 6 weeks from the date of lodgement. If the examiner decides:

- the application meets the filing requirements, then a notice of filing will be issued;
- the application meets only some of the requirements, then a notice of amendment will be issued and the applicant will be given 30 days to amend the application and provide the required documents; or
- the application does not meet the requirements, then a notice of refusal of filing will be issued.

### **Substantive Examination**

During the substantive examination, the examiner will examine each application on its own merits, including whether:

- the trade mark is a prohibited sign in China;
- the trade mark is capable of distinguishing the applicant’s goods and/or services;
- the trade mark is identical with or similar to Conflicting Trade Marks.

If the examiner decides:

- your application meets all the requirements then your trade mark will be published at the Trade Mark Gazette;
- your application does not meet all the requirements, the CTMO will reject the application or partially reject the application.

Typically the substantive examination will be completed within **12 months** from the date of lodgement of application. If the applicant does not agree with the CTMO’s decision to reject or partially reject the application, the applicant can file a request with the Trade Mark Review and Adjudication Board (“**TRAB**”) to review the CTMO’s decision.

Upon receipt of the decision made by TRAB, the applicant can, within thirty days from receipt of the decision, launch a lawsuit against the decision made by TRAB before Beijing No.1 Intermediate People's Court. Further appeal can be filed with Beijing High People's Court.

#### Preliminary Approval

Once an application has been preliminary approved, your trade mark will be advertised for opposition at the Trade Mark Gazette for three months.

#### Opposition

Once advertised, the trade mark application is open to opposition by any party for 3 months from the date of advertisement. Common reasons for opposition include:

- the trade mark is not distinctive;
- the trade mark is identical or deceptively similar to another registered or pending trade mark; or
- the use of the trade mark is likely to cause deception or confusion because of the reputation in another mark.

#### Registration

If no opposition is filed or opposition fails, an application will then proceed to registration. No additional government fees will be charged for issuing the certificate of registration.

#### **Renewal**

A trade mark registration may be renewed every 10 years. The fee for renewal is RMB2,000 (approx. AU\$340) per class.

#### **Use of Trade Marks**

Once a trade mark is successfully registered, it is important to use the trade mark in the form in which it is registered. To claim your

interest in a trade mark, you can use either <sup>TM</sup> or <sup>®</sup> symbols:

- <sup>TM</sup> symbol means that trade mark rights are being claimed in the mark. The mark may or may not be registered.
- <sup>®</sup> symbol means that the mark is claimed to be a registered trade mark with the CTMO.

#### **Non-use Removal**

To prevent loss of your registered trade mark, you must use it in the course of trade. Any person may apply for removal of a trade mark for non-use if:

- the trade mark has not been used in China during the three years immediately preceding the filing of the non-use removal application.

The Supreme People's Court of China (SPC) has given guidance on what constitutes use of a registered trade mark. According to this guidance, a use of a trade mark in a "slightly different" form from the one in which it is registered is regarded as use provided there has been no substantial alteration to the distinctive features of the registered trade mark. Therefore, use of a stylised version of a plain word mark might potentially be sufficient to preserve the validity of a stylised version of the same mark (and vice versa) depending on the degree of stylisation. However, a precise rule is missing in the case law and the SPC guidance, so this cannot be relied on as a rule of thumb.

#### **Enforcement of Trade Mark Rights**

Once a trade mark is successfully registered, it is important for the owner of the trade mark to actively protect their trade mark rights. The avenues available for a trade mark owner to enforce trade mark rights include:

- Customs seizure: provisions under the Regulations of the People’s Republic of China on Customs Protection of Intellectual Property Rights allow Chinese Customs to detain goods that are suspected of infringing trade marks; and
- Trade mark infringement litigation.

The detailed registration process in China including typical steps (green with unbroken lines) is shown below

